

EXCERPTS FROM THE MINUTES OF THE MEETING  
OF THE BOARD OF MAYOR AND ALDERMEN OF THE  
TOWN OF MOUNT CARMEL, TENNESSEE  
HELD ON APRIL, 22 1993

The Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee, met in regular public session at the Town Hall in Mount Carmel, Tennessee, its regular meeting place, at 7:15 o'clock p.m., on the 22nd day of April, 1993, with Honorable James L. Dean, Mayor, presiding and the following named members of the City Council:

Absent:

Also present were Nancy Carter, City Recorder, Michael A. Faulk, City Attorney, and the following named additional persons:

\* \* \*

(Other Business)

The following Resolution was thereupon introduced:

RESOLUTION NO. 91

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE AND PAYMENT OF NOT TO EXCEED \$1,450,000 SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 1993, OF THE TOWN OF MOUNT CARMEL, TENNESSEE, AND PROVIDING THE DETAILS THEREOF

WHEREAS, pursuant to a resolution adopted by the Board of Mayor and Aldermen (the "Board") of the Town of Mount Carmel, Hawkins County, Tennessee (the "Municipality"), there have been authorized and issued \$1,450,000 Sewer Revenue and Tax Bonds, Series 1988, dated May 1, 1988 (the "Series 1988 Bonds");

"Current Expenses" means all expenses incurred by, or on behalf of, the Municipality in connection with the operation, maintenance, repair, insuring, and administration of the System, including, but not necessarily limited to, salaries, wages, the cost of supplies, materials, utilities, and rental payments, and the cost of audits, but shall specifically exclude depreciation, amortization, interest on bonds, and expenditures for any capital improvements of the System, the useful life of which is reasonably expected to exceed one year, determined in accordance with generally accepted accounting principles.

"Escrow Agent" means First Tennessee Bank National Association, Memphis, Tennessee.

"Escrow Agreement" means that certain Escrow Agreement between the Municipality and the Escrow Agent in substantially the form attached hereto as Exhibit "B".

"Interest Payment Date" means each date on which interest shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

"Investment Securities" means those obligations set forth in Tennessee Code Annotated, as amended, Section 9-21-914(b).

"Mayor" means the duly elected, qualified, and acting Mayor of the Municipality, or his or her successors.

"Net Revenues" means for any period, the excess of Revenues of the System over its Current Expenses during such period determined in accordance with generally accepted accounting principles.

"Outstanding," "Bonds Outstanding," or "Outstanding Bonds" means, as of a particular date, all Bonds issued and delivered under this Resolution except: (1) any Bond paid or redeemed or otherwise canceled by the Municipality at or before such date; (2) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, shall have theretofore been deposited prior to maturity by the Municipality for the benefit of the Owner thereof; (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Resolution, unless proof satisfactory to the Municipality is presented that any Bond, for which a Bond in lieu of or in substitution therefor shall have been delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond in lieu of or in substitution for which a new Bond has been delivered and such new Bond so delivered therefor shall be

deemed Outstanding; and, (4) any Bond deemed paid under the provisions of this Resolution, except that any such Bond shall be considered Outstanding until the maturity thereof only for the purposes of being exchanged, transferred, or registered.

"Owner", "Bondholder", or any similar term, when used with reference to the Bonds, means any Person who shall be the registered owner of any then Outstanding Bond or Bonds.

"Person" means an individual, partnership, corporation, trust, or unincorporated organization, or a governmental entity or agency or political subdivision thereof.

"Principal Payment Date" means such date on which principal shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

"Prior Outstanding Obligations" means the outstanding bonds of the Municipality which are payable from and secured by, at least in part, a pledge of the Net Revenues of the System, which pledge is prior to the pledge securing the Bonds, unless the documents authorizing such bonds permit additional bonds to be issued on a parity therewith, in which case the Bonds shall be on a parity, such Prior Outstanding Obligations being as follows: the Municipality's Sewer Revenue and Tax Bonds, Series 1988, maturing May 1, 1993 through May 1, 1996; and, those certain Loan Agreements, by and between the Municipality and the Tennessee Local Development Authority, if any.

"Recorder" means the duly appointed, qualified, and acting Recorder of the Municipality, or his or her successors.

"Registration Agent" means First Tennessee Bank National Association, Memphis, Tennessee, or its successor or successors hereafter appointed in the manner provided in this Resolution.

"Resolution" means this Resolution, as supplemented and amended.

"Revenues" means all receipts, revenues, income, and other monies received by, or on behalf of, the Municipality from, or for, the operation of the System and all rights to receive such receipts, revenues, income, and other monies, whether in the form of accounts receivable, contract rights, or otherwise, and proceeds from insurance against loss of, or damage to, the System, or from any sale or conveyance, in accordance with the terms hereof, of all or part of the System.

"Series 1988 Bonds" means those certain Sewer Revenue and Tax Bonds, Series 1988, dated May 1, 1988, maturing May 1, 1997, through May 1, 2008, inclusive.

"State" means the State of Tennessee.

"System" means the complete sewer system of the Municipality, and all sewer system properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the sewer system and including all appurtenances, contracts, leases, franchises, and other intangibles.

"Underwriter" means Cumberland Securities Company, Inc., Knoxville, Tennessee.

Section 3. Authorization. For the purpose of providing funds to redeem on May 1, 1996, that portion of the Series 1988 Bonds maturing on or after May 1, 1997, and to pay costs incident to the issuance and sale of the Bonds, there is hereby authorized to be issued sewer revenue and tax refunding bonds of the Municipality in the aggregate principal amount of not to exceed One Million Four Hundred Fifty Thousand Dollars (\$1,450,000), or such lesser aggregate amount as may be determined by the Authorized Representatives of the Municipality executing the Bonds. No Bonds may be issued under the provisions of this Resolution except in accordance herewith. The Board hereby finds that the refunding of the Series 1988 Bonds is advantageous to the Municipality and results in a cost savings to the Municipality.

Section 4. Form of Bonds; Execution. (a) The Bonds are issuable only as fully registered bonds, without coupons, in denominations of \$5,000, or any integral multiple thereof. All Bonds issued under this Resolution shall be substantially in the form set forth in Exhibit "A" attached hereto, and by this reference incorporated herein as fully as though copied, with such appropriate variations, omissions, and insertions as are permitted or required by this Resolution, the blanks therein to be appropriately completed when the Bonds are prepared, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as otherwise desired by the Municipality. The Bonds shall be numbered consecutively from one upwards.

(b) The Bonds shall be executed in such manner as may be prescribed by applicable law in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the Recorder, and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon. The Bonds shall not be valid for any purpose unless authenticated by the manual signature of an officer of the Registration Agent on the certificate set forth on the Bonds.

(c) In the event any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such manual or such facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Bond, were the proper officers of the Municipality to sign such Bond, although on the date of the adoption by the Municipality of this Resolution, such individuals may not have been such officers.

Section 5. Maturities, Interest Rates, Payment, and Certain Other Provisions of the Bonds. (a) The Bonds shall be designated "Sewer Revenue and Tax Refunding Bonds, Series 1993". Each Bond shall be dated as of April 15, 1993, or such other date as the officers of the Municipality executing the Bonds shall determine; shall be sold to the Underwriter pursuant to the Bond Purchase Agreement at a price of not less than ninety-eight percent (98%) of par value thereof plus accrued interest to the delivery date thereof; shall bear interest from the date thereof at a rate or rates to be hereafter determined when said Bonds are sold to the Underwriter, but not exceeding six percent (6.00%) per annum, such interest being payable semi-annually on the first day of May and November of each year, commencing November 1, 1993; and shall mature serially on the first day of May in the years and in the amounts set forth below:

<u>Maturity</u>	<u>Principal Amount</u>
1994	\$
1995	
1996	
1997	
1998	
1999	
2000	
2001	
2002	
2003	
2004	
2005	
2006	
2007	
2008	

The Bonds shall be sold upon such other terms and conditions as agreed upon by the Mayor, the Recorder and the Underwriter as set forth in the Bond Purchase Agreement, subject to the terms and conditions set forth in this Resolution and in the Act.

In the event that any amount payable on any Bond as interest shall at any time exceed the rate of interest lawfully chargeable thereon under applicable law, then any such excess shall, to the extent of such excess, be applied against the principal of such Bond as a prepayment thereof without penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. The principal of, the premium, if any, and all installments of interest on, any Bond shall bear interest from and after their respective due dates at a rate of interest equal to the rate of interest payable on the principal of such Bond.

(b) Interest on the Bonds shall be payable by check or other form of draft of the Registration Agent, deposited by the Registration Agent in the United States mail, first class postage prepaid, in sealed envelopes addressed to the Owners of such Bonds, as of the applicable Interest Payment Date at their respective addresses as shown on the registration books of the Municipality maintained by the Registration Agent as of the close of business on the fifteenth (15th) calendar day of the month next preceding the applicable Interest Payment Date (the "Regular Record Date"). The principal or redemption price, if any, of all Bonds shall be payable upon presentation and surrender of such Bonds at the principal corporate trust office of the Registration Agent. All payments of the principal of, premium, if any, and interest on, the Bonds shall be made in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

(c) Any interest on any Bond which is payable but is not punctually paid or duly provided for on any Interest Payment Date on which interest is due (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by check or other form of draft of the Registration Agent to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) calendar days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment

of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) calendar days prior to the date of the proposed payment to the Owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) calendar days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner at the address thereof as it appears in the registration books of the Municipality maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any Owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

Section 6. Redemption. (a) The Bonds maturing prior to May 1, \_\_\_\_\_ are not subject to redemption prior to maturity. The Bonds maturing on and after May 1, \_\_\_\_\_ are subject to redemption prior to maturity on May 1, \_\_\_\_\_ and at any time thereafter, at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to be selected by lot by the Registration Agent), at the respective redemption prices, expressed as a percentage of principal amount, set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates (inclusive)</u>	<u>Redemption Price</u>
May 1, _____ through April 30, _____	%
May 1, _____ through April 30, _____	%
May 1, _____ and thereafter	%

(b) Notice of intended redemption shall be given by the Registration Agent on behalf of the Municipality to the Owners of the Bonds to be redeemed by first class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption. Each such notice of redemption shall state: (1) the redemption date; (2) the redemption price; (3) if less than all Outstanding Bonds are to be redeemed, the registration number and the CUSIP number printed on the Bonds (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date provided sufficient funds are available on such redemption date to fully pay the redemption price of and the interest on the

Bonds called for redemption; and, (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registration Agent. Neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which notice was correctly given.

(c) If notice of redemption shall have been given in the manner and under the conditions provided herein and if on the date so designated for redemption the Registration Agent shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Bonds to be redeemed as provided in this Resolution, then: (1) the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date; (2) interest on the Bonds so called for redemption shall cease to accrue; and, (3) such Bonds shall no longer be Outstanding or secured by, or be entitled to, the benefits of this Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Registration Agent.

(d) Prior to any redemption date, the Municipality shall deposit with the Registration Agent an amount of money sufficient to pay the redemption price of all of the Bonds or portions of Bonds which are to be redeemed on that date.

(e) If on the redemption date, monies for the redemption of all Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Registration Agent so as to be available therefor on such date, the Bonds or portions thereof so called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of this Resolution.

(f) In case any Bond is of a denomination larger than Five Thousand Dollars (\$5,000), a portion of such Bond may be redeemed, but Bonds shall be redeemed only in the principal amount of Five Thousand Dollars (\$5,000) or any integral multiple thereof. In selecting Bonds for redemption, the Municipality shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by Five Thousand Dollars (\$5,000). If part but not all of a Bond shall be selected for redemption, the Owner thereof or his, her, or its legal representative shall present and surrender such Bond to the Registration Agent for payment of the principal amount thereof so called for redemption and the premium, if any, on such principal amount thereof so called for redemption, and the Municipality shall execute and the Registration Agent shall authenticate and deliver to such Owner or legal representative, without charge therefor, for the unredeemed portion of the Bond surrendered, a Bond or Bonds of

the same maturity, bearing the same interest rate, and of authorized denomination or denominations.

Section 7. Negotiability of Bonds. All Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds.

Section 8. Registration Books and Bond Registrar. (a) First Tennessee Bank National Association, Memphis, Tennessee is hereby appointed bond registrar and paying agent (the "Registration Agent"), with respect to the Bonds and so long as any of the Bonds shall remain Outstanding, it shall maintain at the principal corporate trust office of the Registration Agent, books for the registration and transfer of the Bonds on behalf of the Municipality. The Registration Agent shall register in such books and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond entitled to registration or transfer and to authenticate and deliver the Bonds either at original issuance, upon transfer, or as otherwise directed by the Municipality. The Registration Agent is authorized to make all payments of principal, interest, and redemption premium, if any, with respect to the Bonds.

(b) The Registration Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by a written instrument of acceptance executed and delivered to the Recorder prior to or on the Closing Date.

Section 9. Exchange of Bonds. Bonds upon surrender thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bonds duly executed by the Owner thereof, or his, her, or its attorney or legal representative, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Bonds surrendered for exchange.

Section 10. Transfer of Bonds. (a) Each Bond shall be transferable only on the registration books maintained by the Registration Agent at the principal corporate trust office of the Registration Agent, upon the surrender for cancellation thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bond duly executed by the Owner thereof or his, her, or its attorney or legal representative, and upon payment of the charges hereinafter provided, and subject to such other limitations and conditions as may be provided therein or herein. Upon the cancellation of any such Bond, the Registration Agent shall, in exchange for the surrendered Bond or Bonds, deliver in the name of the transferee or transferees a new Bond or Bonds of authorized denominations, of the same aggregate principal amount and maturity and rate of interest as such surrendered Bond or

Bonds, and the transferee or transferees shall take such new Bond or Bonds subject to all of the conditions herein contained.

(b) The Municipality and the Registration Agent may deem and treat the Person in whose name any Bond shall be registered upon the registration books maintained by the Registration Agent as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and the interest on, such Bond and for all other purposes. All such payments so made to the registered Owner thereof shall be valid and effectual to satisfy and discharge the liability of the Municipality or the Registration Agent upon such Bond to the extent of the sum or sums so paid. Neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

Section 11. Regulations with Respect to Exchanges and Transfers. (a) In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Municipality shall execute, and the Registration Agent shall deliver, Bonds in accordance with the provisions of this Resolution. For every exchange or transfer of Bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

(b) Neither the Municipality nor the Registration Agent shall be obligated to exchange or transfer any Bond after the fifteenth (15th) calendar day of the month next preceding an Interest Payment Date or the first mailing of any notice of redemption pursuant to Section 6 of this Resolution, or with respect to any Bond, after such Bond has been called for redemption.

Section 12. Authorization and Preparation of Temporary Bonds. (a) Without unreasonable delay after the sale thereof, the Municipality shall cause definitive Bonds to be prepared, executed, and delivered to the purchaser or purchasers thereof, which Bonds shall be fully engraved (as that term is customarily used) or lithographed or printed on steel engraved borders, or, if acceptable to the purchaser or purchasers of such Bonds (such acceptance to be conclusively evidenced by the acceptance of such Bonds by such purchaser or purchasers), such definitive Bonds may be typewritten, printed, photocopied, or any combination of the foregoing. Until such definitive Bonds are ready for delivery, there may be executed and delivered by the Municipality, and upon the request of an Authorized Representative of the Municipality, the Registration Agent shall also authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary typewritten, printed, engraved, lithographed, or photocopied Bonds, or Bonds having any combination of the foregoing, as prepared and executed by the Municipality, which temporary Bonds shall be substantially of the tenor of such

definitive Bonds but with such appropriate omissions, insertions, and variations as may be required.

(b) Until definitive Bonds are ready for delivery, any temporary Bond may be exchanged at the principal corporate trust office of the Registration Agent, without charge to the Bondholder, for an equal aggregate principal amount of temporary Bonds of like tenor, of the same maturity and bearing interest at the same rate.

(c) When and after definitive Bonds are ready for delivery, the Registration Agent, upon surrender to the Registration Agent at the principal corporate trust office of the Registration Agent of a temporary Bond or Bonds, shall cancel such temporary Bond or Bonds and deliver in exchange therefor, without charge to such Bondholder, a definitive Bond or Bonds in an equal aggregate principal amount, and having the same maturity or maturities, interest rate or rates, and registration and redemption provisions as the temporary Bond or Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security of this Resolution as the definitive Bonds to be issued under this Resolution.

(d) Interest on temporary Bonds, when due and payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary Bonds and notation of such payment shall be endorsed thereon.

(e) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be cancelled.

Section 13. Mutilated, Lost, Stolen, or Destroyed Bonds. (a) In the event any Bond is mutilated, lost, stolen, or destroyed, the Municipality may execute, and upon the request of an Authorized Representative of the Municipality the Registration Agent shall deliver, a new Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Bond is a replacement Bond) as the mutilated, destroyed, lost, or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Bondholder shall furnish to the Municipality and the Registration Agent: (1) such security or indemnity as may be required by an Authorized Representative of the Municipality to save the Municipality and the Registration Agent harmless from all risks, however remote; and, (2) evidence to their satisfaction of the mutilation, destruction, loss, or theft of the subject Bond and the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, an Authorized Representative of the Municipality and the Registration Agent may require the Owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the

Municipality and the Registration Agent. In the event any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, an Authorized Representative of the Municipality may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the Owner thereof shall pay all costs and expenses, including attorneys fees, incurred by the Municipality and the Registration Agent in connection therewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the Municipality and the Registration Agent such security or indemnity as an Authorized Representative of the Municipality and the Registration Agent may require to save the Municipality and the Registration Agent harmless and evidence to the satisfaction of an Authorized Representative of the Municipality and the Registration Agent, of the mutilation, destruction, loss, or theft of such Bond and of the ownership thereof.

(b) Every Bond issued pursuant to the provisions of this Section shall constitute an additional contractual obligation of the Municipality (whether or not the destroyed, lost, or stolen Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(c) All Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

Section 14. Authentication. Only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit "A" hereto duly executed by the Registration Agent, shall be entitled to the rights, benefits, and security of this Resolution. No Bond shall be valid or obligatory for any purpose unless, and until, such certificate of authentication shall have been duly executed by the Registration Agent. Such executed certificate of authentication by the Registration Agent upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution as of the date of authentication. The certificate of authentication of the Registration Agent on any Bond shall be deemed to have been duly executed if manually signed by an authorized officer of the Registration Agent, but it shall not be necessary that the same officer sign and date the certificate of authentication on all Bonds that may be issued hereunder.

Section 15. Permitted Acts and Functions of Registration Agent. The Registration Agent may become the Owner of any Bonds, with the same rights as it would have if it were not a Registration Agent.

Section 16. Resignation or Removal of the Registration Agent and Appointment of Successors. (a) The Registration Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) calendar days' written notice to the Recorder; provided, however, until a successor Registration Agent is appointed the Registration Agent shall continue to carry out the duties and obligations of the Registration Agent created by this Resolution. The Registration Agent may be removed at any time by resolution of the Municipality filed with such Registration Agent. Any successor Registration Agent shall be appointed by resolution of the Municipality, shall be a trust company or a bank having the powers of a trust company, having, at the time of such appointment, a combined capital, surplus, and undivided profits aggregating at least Twenty Million Dollars (\$20,000,000), and be willing and able to accept the office of Registration Agent on reasonable and customary terms, and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

(b) In the event of the resignation or removal of the Registration Agent, such Registration Agent shall pay over, assign and deliver any monies held by it as Registration Agent, and all registration books and records held by it to its successor, or if there be no successor then appointed, to the Recorder until such successor be appointed.

Section 17. Merger or Consolidation of Registration Agent. Any corporation or association into which the Registration Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole, or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party shall be and become successor Registration Agent hereunder and shall be vested with all the trusts, powers, discretion, immunities, privileges, and other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein contained to the contrary notwithstanding.

Section 18. Source of Payment and Security. The Bonds, including the principal thereof, the premium, if any, and the interest thereon, shall be payable primarily from and be secured by a pledge of the Net Revenues to be derived from the operation of the System, and are hereby declared to be equally and ratably secured, subject to a prior pledge of such Net Revenues to Prior Outstanding Obligations, by a pledge of such Net Revenues. In the

event of a deficiency in such Net Revenues, the Bonds shall be payable from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the Municipality, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality is hereby irrevocably pledged.

The Municipality hereby expressly reserves the right and privilege to hereafter issue and sell bonds payable from the Net Revenues of the System on a parity with the Bonds.

Section 19. Levy of Taxes. For the purpose of providing for the payment of the principal of, premium, if any, and interest on, the Bonds, there is hereby pledged for such payment the Net Revenues derived from the operation of the System, in amounts not exceeding the amounts required to make such payments as they come due. In the event of a deficiency in the Net Revenues there shall be levied in each year in which such Bonds shall be outstanding a direct tax on all taxable property in the Municipality, fully sufficient to pay all such principal and interest falling due prior to the time of collection of the next succeeding tax levy. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of said Municipality, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount; provided, however, that the tax so levied in any year may be proportionately reduced by the amount of money actually on hand from the Net Revenues of the System and available for payment of such principal, interest, and premium, if any. The Board of the Municipality is required by law and shall and does hereby pledge to levy such tax. Principal, premium, if any, or interest, or all of them, falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from the general fund or other available funds of the Municipality, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected all such taxes levied and collected shall be deposited in a special fund, which is hereby authorized to be created, to be designated "Sewer Revenue and Tax Refunding Bonds, Series 1993, Bond Fund," and used solely for the payment of principal of and interest on the Bonds, as the same shall become due.

Section 20. Charges for Services Supplied by the System. While the Bonds remain outstanding and unpaid, the Municipality covenants and agrees that the charges for all services supplied through the medium of the System to the Municipality and its residents and to all consumers shall be reasonable, just, and sufficient taking into account and consideration the cost and value of the System and the cost of maintaining, operating, and insuring the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of

principal of, premium, if any, and interest on, the bonds, including the Bonds, payable from the Revenues.

Section 21. Sale of Bonds. (a) Under and pursuant to the provisions of the Act and this Resolution, the execution, issuance, sale, and delivery to the Underwriter of the Bonds, in consideration of payment therefor, at a price not less than ninety-eight percent (98%) of the aggregate principal amount of the Bonds, in accordance with the provisions of the Bond Purchase Agreement and this Resolution is approved.

(b) The Mayor is hereby authorized to cause to be prepared and distributed by the Underwriter, a Preliminary Official Statement in connection with the sale of the Bonds in such form and containing such information as he shall determine appropriate and consistent with the terms of this Resolution and to deem the Preliminary Official Statement final for the purpose of Securities and Exchange Commission Rule 15c(2)(12) and all such actions heretofore taken are hereby ratified and affirmed.

(c) The Board hereby authorizes an Official Statement of the Municipality substantially in the form of the Preliminary Official Statement relating to the Bonds, with such modifications thereto as the Mayor and the Recorder approve. The Mayor and Recorder are hereby authorized and directed to execute copies of said Official Statement and to deliver said Official Statement to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the Board hereby consents to the lawful use of said Official Statement and the information contained therein in connection with the sale of the Bonds by the Underwriter.

(d) The form, content, and provisions of the Bond Purchase Agreement, as presented to this meeting of the Board, are in all particulars approved, and the Mayor and the Recorder are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Bond Purchase Agreement in the name and on behalf of the Municipality.

The Bond Purchase Agreement is to be in substantially the form now before this meeting of the Board, or with such changes therein as shall be approved by the Mayor and Recorder executing the same, their execution thereof to constitute conclusive evidence of the approval of any and all such changes or revisions.

The Authorized Representatives of the Municipality are hereby authorized, empowered, and directed, from and after the execution and delivery of the Bond Purchase Agreement to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Bond Purchase Agreement, as executed and delivered.

Section 22. Disposition of Bond Proceeds and Other Funds. The proceeds of the sale of the Bonds and certain other funds shall be used and applied as follows:

(a) All accrued interest and premium received, if any, shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof and used to pay interest on the Bonds on the first Interest Payment Date following delivery of the Bonds.

(b) Such amount as is necessary from the principal proceeds from the sale of the Bonds shall be deposited with the Escrow Agent under the Escrow Agreement to be invested as set forth therein to provide for the payment of principal of, interest on, and redemption premium, in connection with the Series 1988 Bonds.

(c) Any amounts remaining from the principal proceeds of the sale of the Bonds shall be used for the purpose of paying the costs incurred in connection with the issuance of the Bonds.

Section 23. Escrow Agreement; Appointment of Escrow Agent. The Escrow Agreement between the Municipality and the Escrow Agent in the form hereto attached as Exhibit "B" is hereby approved, and the Mayor and Recorder are hereby authorized and directed to execute such Escrow Agreement, in substantially such form with such changes as may be approved by the Mayor and Recorder, their execution of such Escrow Agreement to be conclusive evidence of their approval of such changes, and to make provision for the execution of such Escrow Agreement by the appropriate officials of the Escrow Agent.

Section 24. Redemption of Series 1988 Bonds. The Series 1988 Bonds, maturing on and after May 1, 1997 are hereby called for redemption on May 1, 1996.

Notice of call for redemption shall be given by in the manner required as set forth in the resolution authorizing the Series 1988 Bonds.

Section 25. Notice Regarding Issuance of Refunding Bonds. Prior to the delivery of the Bonds, notice of the intention to issue such Bonds shall be given by publication of a notice in substantially the form attached hereto as Exhibit "C" not less than one time in the newspaper specified in the resolution authorizing the Series 1988 Bonds, and in a financial newspaper published in New York, New York, and having national circulation. Such notice shall identify such Series 1988 Bonds and set forth the estimated date of delivery of the Bonds herein authorized.

As soon as practicable after the delivery of the Bonds, notice of the issuance of such Bonds shall be given in like manner by publication in such newspapers of a notice in substantially the form attached hereto as Exhibit "D".

Section 26. Designation of Bonds as Qualified Tax-Exempt Obligations. The Municipality hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning and for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 27. Non-Arbitrage Certification. The Municipality certifies and covenants with the Owners of the Bonds that so long as the principal of any Bond remains unpaid, monies on deposit in any fund or account in connection with the Bonds, whether or not from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Municipality reserves the right, however, to make any investment of such monies permitted by Tennessee law and this Resolution if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation, or decision would not, in the opinion of Bond Counsel, result in making the interest on the Bonds subject to federal income taxation.

The Municipality covenants that it shall comply with Section 148(f) of the Code, unless legally exempted therefrom, and the Municipality represents that in the event it shall be required by Section 148(f) of the Code to pay "Rebatable Arbitrage," as such term is defined and used in the Code, pursuant to the Code, to the United States Government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income of the Owners of the Bonds for purposes of federal income taxation.

Section 28. Defeasance of Bonds. (a) If the Municipality shall pay or cause to be paid to the Owners of all Outstanding Bonds the principal thereof and the interest thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the full faith and credit of the Municipality and the unlimited taxing power of the Municipality, or any and all other rights granted or created under this Resolution for the benefit of the Owner of the Bonds so paid, shall be released, discharged, and satisfied. In such event, the Registration Agent shall pay or deliver to the Recorder all monies or securities held by the Registration Agent pursuant to this Resolution which are not required for the payment or redemption of such Bonds not theretofore surrendered for such payment or redemption. If the Municipality shall not pay or cause to be paid, at the same time,

all Bonds then Outstanding, then the Registration Agent shall not, except as may herein be otherwise expressly provided, return those monies and securities which are held under this Resolution for the benefit of the Owners of the Bonds then Outstanding not so paid or caused to be paid.

(b) Any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, subsection (a) of this Section if: (1) there shall have been set aside by the Municipality for the benefit of the Owner of such Outstanding Bond sufficient monies or Investment Securities, or a combination of both monies and Investment Securities, determined in accordance with subsection (c) of this Section, to pay the principal of, or redemption price of, the Bond when due, and all interest accruing on such Bond until the payment of such principal or redemption price; (2) provision shall have been made for the payment of all fees and expenses of the Registration Agent with respect to the Bonds; and, (3) all other payments required to be made under this Resolution with respect to the Bonds shall have been made or satisfactory provision made therefor.

(c) For purposes of subsection (b) of this Section, sufficient monies shall be deemed to have been set aside by the Municipality to pay the principal of an Outstanding Bond when due, or to redeem such Outstanding Bond at the earliest possible redemption date thereof, and to pay, when due, all interest accruing on such Bond until the payment of such principal or redemption price, as applicable, only if there shall be on deposit with the Municipality or its designee, for the benefit of the Owner of such Bond, and available for such purposes, an amount of cash (collateralized by Investment Securities) and/or aggregate principal amount of Investment Securities, maturing or redeemable at the option of the holder thereof not later than the date or dates the proceeds of such Investment Securities are required for the principal, premium, if any, and interest payments hereinafter mentioned in this sentence, which, together with the income earned on such Investment Securities until the maturity date or the earliest possible redemption date, as applicable, of such Bond, shall be sufficient to pay, when and as due, the principal of, and the premium, if any, and interest on, such Bond prior to and on such maturity date or such earliest possible redemption date, as applicable.

(d) Upon the defeasance of any Outstanding Bond in accordance with this Section, the Municipality or its designee, as applicable, shall hold in trust, for the benefit of the Owner of such Bond all such cash or Investment Securities or combination of both cash and Investment Securities, and except as herein provided shall make no other or different investment of such cash or Investment Securities, or combination of both cash and Investment Securities, provided, subject to the provisions of this Section, that amount in

excess of those necessary to pay such Outstanding Bonds may be applied at the discretion of the Municipality.

(e) Anything herein contained to the contrary notwithstanding, no defeasance of the Bonds, or any thereof, shall be made unless, in the opinion of Bond Counsel, such defeasance would not cause the Bonds, or any thereof, to be "arbitrage bonds," or an "arbitrage bond," as applicable, within the meaning of applicable provisions of the Code or render the interest on the Bonds, or any thereof, subject to inclusion in the gross income of the Owners thereof for federal income tax purposes.

Section 29. Remedies of Bondholders. Any Owner of any of the Bonds shall have such remedies as provided by Title 9, Chapter 21, Tennessee Code Annotated, as amended.

Section 30. Amendments. After the issuance of the Bonds, no change, variation, or alteration of any kind in the provisions of this Resolution which would impair the rights of the Bondholders shall be made in any manner, until such time as all installments of the principal of and interest on the Bonds shall have been paid in full unless the consent of all of the Owners of all then Outstanding Bonds has been obtained; provided, however, that the Municipality is hereby authorized to make such amendments to this Resolution as will not impair the rights of Bondholders. The laws of the State of Tennessee shall govern this Resolution.

Section 31. Failure to Present Bonds. (a) In the event any Bond shall not be presented for payment when the principal becomes due at maturity and in the event monies sufficient to pay such Bond shall be held by the Registration Agent for the benefit of the Owner thereof, all liability of the Municipality to such Owner for the payment of such Bond shall forthwith cease, terminate, and be completely discharged. Thereupon, the Registration Agent shall hold such monies, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such monies for any claim under this Resolution or on, or with respect to, said Bond.

(b) If any Bond shall not be presented for payment within a period of five years following the date when such Bond becomes due, whether by maturity or otherwise, the Registration Agent shall, subject to the provisions of any applicable escheat or other similar law, pay to the official of the Municipality designated by law as the custodian of such funds, any monies then held by the Registration Agent for the payment of such Bond and such Bond shall (subject to the defense of any applicable statute of limitation) thereafter constitute an unsecured obligation of the Municipality.

Section 32. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of maturity or interest on or principal of any Bond shall be a Saturday or Sunday or shall be, at the place

designated for payment, a legal holiday or a day on which banking institutions similar to the Registration Agent are authorized by law to close, then the payment of the interest on, or the principal of such Bond need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions similar to the Registration Agent are authorized by law to close, with the same force and effect as if made on the date of maturity and no interest shall accrue for the period after such date.

Section 33. No Action to be Taken Affecting Validity of the Bonds. The Board hereby covenants and agrees that it will not take any action, that would in any manner affect the validity of the Bonds or limit the rights and remedies of the Owners from time to time of such Bonds or affect the exclusion of interest thereon from the gross income of the owners thereof for purposes of federal income taxation.

Section 34. Miscellaneous Acts. The Mayor, the Recorder, the City Attorney, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, specifically including but not limited to the Bond Purchase Agreement and arbitrage certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution; or any of the documents herein authorized and approved, or for the authorization, issuance, and delivery of the Bonds or for the redemption of the Series 1988 Bonds.

Section 35. No Recourse Under Resolution or on Bonds. All stipulations, promises, agreements, and obligations of the Municipality contained in this Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Municipality and not of any officer, director, or employee of the Municipality in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Resolution against any officer, director, or employee of the Municipality or against any official or individual executing the Bonds.

Section 36. Partial Invalidity. If any one or more of the provisions of this Resolution, or of any exhibit or attachment hereto, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment hereto, but this Resolution, and the exhibits and attachments hereto, shall be construed the same as if such invalid, illegal, or unenforceable

provision had never been contained herein, or therein, as the case may be.

Section 37. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or enforceability of such section, paragraph, or provision shall not affect any of the remaining provisions hereof.

Section 38. Repeal of Conflicting Resolutions and Effective Date. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption, the welfare of the Municipality requiring it.

Approved and adopted this 22nd day of April, 1993.

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Mayor

ATTEST:

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Recorder

STATE OF TENNESSEE)  
COUNTY OF HAWKINS)

I, Nancy Carter, hereby certify that I am the duly qualified and acting Recorder of the Town of Mount Carmel, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the Board of Mayor and Aldermen (the "Board") of said Municipality held on April 22, 1993; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the authorization, issuance, and sale of not to exceed \$1,450,000 Sewer Revenue and Tax Refunding Bonds, Series 1993, of said Municipality; (4) that the actions by said Board, including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purposes; and, (5) that a quorum of the members of said Board was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Municipality this \_\_\_\_ day of April, 1993.

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RECORDER

FORM OF BOND

EXHIBIT "A"

(FORM OF FACE OF BONDS)

Registered

Registered

NO. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF HAWKINS  
TOWN OF MOUNT CARMEL  
SEWER REVENUE AND TAX REFUNDING BOND,  
SERIES 1993

Interest Rate:

Maturity Date:

Dated Date:

CUSIP:

Registered Owner:

Principal Amount:

DOLLARS

THE TOWN OF MOUNT CARMEL, TENNESSEE (the "Municipality"), a lawfully organized and existing municipal corporation located in Hawkins County, Tennessee, for value received, hereby acknowledges itself indebted and promises to pay, as hereinafter provided, to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, unless this bond shall have been duly called for prior redemption and payment of the redemption price shall have been made or provided for, upon the presentation and surrender hereof at the principal corporate trust office of First Tennessee Bank National Association, Memphis, Tennessee, or its successor as paying agent and registration agent (the "Registration Agent"), the Principal Amount identified above, in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay interest on said Principal Amount from the date hereof, or such later date as to which interest has been paid, semi-annually on May 1 and November 1 of each year (the "Interest Payment Date"), commencing November 1, 1993, to said Registered Owner hereof by check or other form of draft of the Registration Agent mailed to the Registered Owner at the address shown on the registration books of the Municipality, maintained by the Registration Agent, as of the close of business on the fifteenth (15th) calendar day of the month next preceding an Interest Payment Date, in like coin or currency at the Interest Rate per annum set forth above until

payment of said Principal Amount. Provided, however, that should the Municipality default in the payment of interest on such Interest Payment Date, such defaulted interest ("Defaulted Interest") shall be payable to the person in whose name this bond is registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest established by notice mailed by the Registration Agent on behalf of the Municipality not less than ten (10) calendar days preceding such Special Record Date by first class mail, postage prepaid, to the Registered Owner hereof at the address thereof as it appears on the registration books of the Municipality maintained by the Registration Agent as of the date of such notice, which notice shall identify the proposed payment of such Defaulted Interest and the Special Record Date therefor.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this bond under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without penalty, and such excess shall not be considered to be interest. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

The principal hereof and all installments of interest hereon, shall bear interest from and after their respective due dates at the same rate of interest payable on the principal hereof.

This bond is authorized and issued pursuant to and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended. Section 9-21-117, Tennessee Code Annotated, as amended, provides that this bond and the income therefrom shall be exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and except as otherwise provided in said Code.

Reference is hereby made to the further provisions of this bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

IN WITNESS WHEREOF, THE TOWN OF MOUNT CARMEL, TENNESSEE, by its Board of Mayor and Aldermen has caused this bond to be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Recorder, to have its official seal, or a facsimile thereof, to be impressed or imprinted hereon, all as of April 15, 1993.

\_\_\_\_\_  
MAYOR

(SEAL)

ATTEST:

\_\_\_\_\_  
RECORDER

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the provisions of the within mentioned Resolution and is one of the Sewer Revenue and Tax Refunding Bonds, Series 1993, of the Town of Mount Carmel, Tennessee.

First Tennessee Bank National  
Association,  
as Registration Agent

By: \_\_\_\_\_  
Authorized Officer

FORM OF REVERSE SIDE OF BONDS

ADDITIONAL PROVISIONS

This bond is one of a series of bonds known as "Sewer Revenue and Tax Refunding Bonds, Series 1993" (the "Bonds"), issued by the Municipality in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), consisting of Bonds maturing serially on the first day of May in the years 199\_\_ through 2008, inclusive. The Bonds, which are issued for the purpose of refunding those certain Sewer Revenue and Tax Bonds, Series 1988, dated May 1, 1988, subject to redemption prior to maturity on May 1, 1997, and to pay costs incident to the issuance and sale of the Bonds, are authorized by appropriate resolutions of the Board of Mayor and Aldermen and particularly that certain Resolution of the Board of Mayor and Aldermen, adopted on April 22, 1993, entitled "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$1,450,000 Sewer Revenue and Tax Refunding Bonds, Series 1993, of the Town of Mount Carmel, Tennessee, and Providing the Details Thereof", as such resolution may be from time to time amended or supplemented in accordance with its terms (such resolution as so amended or supplemented, being herein called the "Resolution"). The Bonds are issued pursuant to, and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act"). Copies of said Resolution are on file at the office of the Recorder of the Municipality, and reference is hereby made to said Resolution and the Act, for a more complete statement of the terms and conditions upon which the Bonds are issued thereunder, the rights, duties, immunities, and obligations of the Municipality, and the rights of the Registered Owner hereof.

This Bond, the premium, if any, and interest thereon are payable primarily from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the water system (the "System") of the Municipality subject to the prior pledge of such Net Revenues to Prior Lien Bonds (as defined in the Resolution) heretofore issued by the Municipality. In the event of a deficiency in such Net Revenues, this Bond is payable from ad valorem taxes to be levied on all taxable property in the Municipality without limitation as to time, rate, or amount. For the prompt payment of this Bond, both principal, premium, if any, and interest, as the same shall become due, the full faith, and credit of the Municipality are hereby irrevocably pledged.

The Municipality hereby expressly reserves the right and privilege to hereafter issue and sell bonds payable from the Net Revenues of the System on a parity with the Bonds.

The Municipality has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This bond is transferable by the Registered Owner hereof in person or by his, her, or its attorney or legal representative at the principal corporate trust office of the Registration Agent, but only in the manner and subject to the limitations and conditions provided in the Resolution and upon surrender and cancellation of this bond. Upon any such transfer, the Municipality shall execute and the Registration Agent shall authenticate and deliver in exchange for this bond a new fully registered bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate. For every exchange or transfer of bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees, or other governmental charges shall be paid by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

The Municipality and the Registration Agent may deem and treat the person or entity in whose name this bond is registered as the absolute owner hereof, whether such bond shall be overdue or not, for the purpose of receiving payment of the principal of, premium, if any, and interest on, this bond and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this bond to the extent of the sum or sums so paid, and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

The Bonds are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000), or any authorized integral multiple thereof. At the principal corporate trust office of the Registration Agent, in the manner and subject to the limitations, conditions, and charges provided in the Resolution, Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate.

Bonds maturing on May 1, \_\_\_\_\_ through May 1, \_\_\_\_ are not subject to redemption prior to maturity. Bonds maturing on and after May 1, \_\_\_\_\_, are subject to redemption at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000, on May 1, \_\_\_\_\_, and at any time thereafter, (less than all Bonds of a single maturity to be selected by lot by the Registration Agent) at the redemption prices, expressed as a percentage of principal amount, together with accrued interest to the date fixed for redemption as follows:



(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto \_\_\_\_\_

PLEASE INSERT FEDERAL IDENTIFICATION  
OR SOCIAL SECURITY NUMBER OF ASSISGNEE

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney, to transfer the same Bond on the books kept for registration hereby with full power of substitution in the premises.

Date: \_\_\_\_\_

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a national bank, commercial bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges.

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

FORM OF ESCROW AGREEMENT

EXHIBIT "B"

ESCROW AGREEMENT

This Escrow Agreement, dated as of \_\_\_\_\_, 1993, between First Tennessee Bank National Association, a banking corporation having full trust powers and a member of the Federal Deposit Insurance Corporation, duly organized and existing under the laws of the State of Tennessee and having its principal office in Memphis, Tennessee (the "Escrow Agent"), and the Town of Mount Carmel, Tennessee (the "Municipality").

W I T N E S S E T H:

WHEREAS the Municipality has issued its \$\_\_\_\_\_ Sewer Revenue and Tax Refunding and Improvement Bonds, Series 1993, dated April 15, 1993 (the "Bonds") for the purpose of advance refunding the Municipality's outstanding Sewer Revenue and Tax Bonds, Series 1988, dated May 1, 1988 (the "Series 1988 Bonds"), maturing on May 1 in the years 1997 to 2008, in the aggregate outstanding principal amount of \$1,120,000 plus interest accruing on the Series 1988 Bonds which shall be called for redemption on May 1, 1996 at par and accrued interest plus a premium in the amount of two percent (2%) of such principal amount;

WHEREAS, pursuant to the Resolution adopted by the Municipality on April 22, 1993, authorizing the issuance of the Bonds (the "Resolution"), the Escrow Agent has been appointed Escrow Agent by the Municipality for the purpose of assuring the payment of the principal of and interest on the Series 1988 Bonds and the Mayor and the City Recorder of the Municipality have been authorized and directed to execute an Escrow Agreement with the Escrow Agent substantially in the form of this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Municipality and the Escrow Agent have agreed and hereby agree as follows for the equal and proportionate benefit and security of the holders of the Series 1988 Bonds:

Section 1. The Municipality hereby creates and establishes with the Escrow Agent a special and irrevocable escrow from the proceeds of the Bonds in the aggregate principal amount of \$\_\_\_\_\_ which is composed of the sum of \$\_\_\_\_\_ of the proceeds of the Bonds and the sum of \$\_\_\_\_\_ as a contribution from the Municipality, which total amount together with the investment income from all such moneys is herein referred to as the Escrow Fund. The Escrow Agent hereby acknowledges receipt of the Escrow Fund. All right, title, and interest of the Municipality in and to the Escrow Fund including the Investment Securities (as hereinafter defined) and the earnings thereon are hereby granted, conveyed, assigned, transferred, pledged, and confirmed to the Escrow Agent to be held in escrow for the benefit and security of the owners from time to time of the Series 1988 Bonds; but if the principal of and premium, if any, and interest on

the Series 1988 Bonds is fully and promptly paid when due in accordance with the terms of the Escrow Agreement, then this Escrow Agreement shall be of no further force and effect.

Section 2. The Municipality will call for redemption: (i) on May 1, 1996, the Series 1988 Bonds maturing on and after May 1, 1997, in the aggregate principal amount of \$1,120,000. Notice of call for redemption with respect to the Series 1988 Bonds, shall be given to the Registration Agent for the Series 1988 Bonds in substantially the form attached hereto as Exhibit 1 by the Escrow Agent on behalf of the Municipality twice: once within 10 days of execution of this Escrow Agreement and thereafter not earlier than sixty days (60) and not later than forty-five (45) days prior to the date the Series 1988 Bonds are to be called for redemption by registered or certified mail. Notice of redemption shall be given to the Holders of the Series 1988 Bonds by the Registration Agent for the Series 1988 Bonds in accordance with the Resolution authorizing the issue of the Series 1988 Bonds.

Section 3. (a) The Escrow Fund shall be immediately invested in direct obligations of the United States of America ("Investment Securities") in the following manner:

The amount of \$\_\_\_\_\_ from the proceeds of the Bonds and the contribution of the Municipality shall be invested in the Investment Securities described in Schedule B attached at the prices therein stated (which will result in the yield to the Municipality from such Investment Securities being \_\_\_\_\_% per annum), all as more fully described in Schedule B hereto attached, resulting in an initial cash balance in said fund from such proceeds of \$\_\_\_\_\_.

The investment income from the Investment Securities in the Escrow Fund shall be credited to such fund and shall not be reinvested; provided, however, that the Escrow Agent may reinvest any monies remaining from time to time in the Escrow Fund in Investment Securities as shall be directed in writing by the Mayor of the Municipality; provided, that as a condition precedent to such reinvestment, when and only when (i) the Escrow Agent receives an opinion of counsel of recognized experience in matters under Section 148 of the Internal Revenue Code of 1986, as amended, relating to arbitrage bonds, that such reinvestment will not cause the Series 1988 Bonds to be arbitrage bonds, and (ii) such reinvestment will not reduce the amount of money available to pay principal of and interest and redemption premiums on the Series 1988 Bonds when due below the amount necessary to make such payment. Any such investments shall be Investment Securities.

(b) The Escrow Agent shall not sell or request the redemption of any Investment Security; provided, that Investment Securities in the Escrow Fund may be replaced by the Municipality as directed in writing by the Mayor of the Municipality when and only when (i) the Escrow Agent receives an opinion of counsel of recognized experience in matters under Section 148 of the Internal

Revenue Code of 1986, as amended, relating to arbitrage bonds, that such replacement will not cause the Series 1988 Bonds or the Bonds to be arbitrage bonds, and (ii) such replacement will not reduce the amount of money available to pay principal of and interest and redemption premiums on the Series 1988 Bonds when due below the amount necessary to make such payment. Any such investment shall be Investment Securities.

(c) All moneys not directed to be invested as herein provided shall be held by the Escrow Agent in a non-interest bearing account which account (to the extent not insured by the Federal Deposit Insurance Corporation) shall be continuously secured with noncallable direct obligations of the United States of America in an amount having a market value at all times at least equal to the amount of such deposit.

Section 4. No paying agents' fees for the payment of principal of or interest on the Bonds or the Series 1988 Bonds or registrar's fees or other charges may be paid from the escrowed money or Investment Securities prior to retirement of all Series 1988 Bonds and the Municipality agrees that it will pay all such fees from its other legally available funds as such payments become due prior to such retirement.

Section 5. At such time or times as there shall be insufficient funds on hand in the Escrow Fund for the payment of principal and interest falling due on the Series 1988 Bonds, the Escrow Agent shall promptly notify the Municipality of such deficiency.

Section 6. The Escrow Agent shall deliver to the City Recorder of the Municipality a report of each transaction relating to the Escrow Fund as such transaction occurs, and on or before the first day of August of each year shall deliver to the City Recorder a report of the financial condition of the Escrow Fund as of June 30 of such year and an operating statement for the Escrow Fund for the year ending June 30 of such year.

Section 7. The Escrow Agent agrees with the Municipality that the fees of the Escrow Agent throughout the term of this Agreement shall be the sum of \$\_\_\_\_\_ payable at closing, the receipt of which sum is hereby acknowledged by the Escrow Agent.

Section 8. The Escrow Agent shall without further authorization or direction from the Municipality collect the principal of and interest on the Investment Securities promptly as the same shall fall due and, to the extent that Investment Securities and moneys are sufficient for such purpose, shall make timely payments out of the Escrow Fund to the proper paying agent or agents or their successors for the Series 1988 Bonds, or moneys sufficient for the payment of the principal of and interest (and redemption premium) on such Series 1988 Bonds as the same shall become due and payable, all as set out in Schedule A hereof. The payments so forwarded or transferred shall be made in sufficient

time to permit the payment of such principal and interest (and redemption premium) by such paying agent or agents without default. The Municipality represents and warrants that the Escrow Fund, if held, invested and disposed of by the Escrow Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing and all other payments required under this Agreement. The proper paying agent for each of the Series 1988 Bonds is shown in Schedule A. When the aggregate total amount required for the payment of principal of and interest (and redemption premium) on the Series 1988 Bonds has been paid to the paying agent banks as hereinabove provided, the Escrow Agent shall transfer moneys or Investment Securities then held hereunder to the Municipality and this Agreement shall cease.

Section 9. The Escrow Agent and the Municipality recognize that the holders from time to time of the Series 1988 Bonds have a beneficial and vested interest in the Investment Securities and moneys to be held by the Escrow Agent as herein provided and in the provisions of this Agreement. It is therefor recited, understood and agreed that this Agreement shall not be subject to revocation or amendment until its provisions have been fully carried out.

Section 10. The Escrow Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Municipality or any paying agent of any of its obligations, or to protect any of the Municipality's rights under any bond proceeding or any of the Municipality's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Escrow Agent shall not be liable for any act done or step taken or omitted by it, or for any mistake of fact or law, or for anything which it may do or refrain from doing, except for its negligence or its default in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein, or in the Series 1988 Bonds or the Bonds or in any proceedings taken in connection therewith, but they are made solely by the Municipality. The Escrow Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

Section 11. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for interest on any fund or other property received by it hereunder, except as herein expressly provided.

Section 12. The Municipality agrees that it will promptly and without delay remit to the Escrow Agent, within ten days after receipt of its written request, such additional sum or sums of money as may be necessary to assure the payment of the Series 1988 Bonds and to fully pay and discharge any obligation or obligations

or charges, fees or expenses incurred by the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement that are in excess of the sums provided for under Section 7 hereof.

Section 13. The Escrow Agent shall hold the Investment Securities and all money received by it from the collection of principal of and interest on the Investment Securities, and all money received from the Municipality hereunder, in a special fund and separate trust account wholly segregated from all other funds and investments deposited with the Escrow Agent, and shall never commingle such investments with other money or investments. Title to such Investment Securities and money shall remain in the Municipality.

Section 14. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 15. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

Section 16. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed, by registered or certified mail, postage prepaid or sent by telegram as follows:

If to the Municipality, at the Municipal Building:

100 East Main Street  
P. O. Box 1421  
Mount Carmel, Tennessee 37645-1421  
Attention: City Recorder

If to the Escrow Agent, Memphis, Tennessee:

First Tennessee Bank National Association  
Oak Court Center  
4385 Poplar Avenue  
Memphis, Tennessee 38117

The Municipality and the Escrow Agent may designate any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

Section 17. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Municipality has caused this Agreement to be signed in its name by the Mayor of the Municipality and

attested by the City Recorder and the official seal of the Municipality to be impressed hereon, and the Escrow Agent has caused this Agreement to be signed in its corporate name and attested by its duly authorized officers and its corporate seal to be impressed hereon, all as of the date first above written.

TOWN OF MOUNT CARMEL, TENNESSEE

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Recorder

Approved to form and legality:

\_\_\_\_\_  
City Attorney

(SEAL)

FIRST TENNESSEE BANK NATIONAL ASSOCIATION  
Memphis, Tennessee, as Escrow Agent

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_

Title: \_\_\_\_\_

(SEAL)

SCHEDULE A

Escrow Agreement dated as of \_\_\_\_\_, 1993  
Town of Mount Carmel, Tennessee  
Sewer Revenue and Tax Bonds, Series 1988,  
dated May 1, 1988

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Call Premium</u>	<u>Total Amount Due</u>
	\$			
TOTAL	\$			

Paying Agent: First Tennessee Bank National Association  
Memphis, Tennessee

SCHEDULE B

Escrow Agreement dated as of \_\_\_\_\_, 1993  
Town of Mount Carmel, Tennessee

Investment Securities to be acquired pursuant  
to the Escrow Agreement for \$\_\_\_\_\_

<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Purchase Price</u>	<u>Accrued Interest</u>	<u>Total Purchase Price</u>
\$					

Initial Cash Balance = \$\_\_\_\_\_

REDEMPTION NOTICE  
SEWER REVENUE AND TAX BONDS, SERIES 1988  
TOWN OF MOUNT CARMEL, TENNESSEE

NOTICE IS HEREBY GIVEN that the Town of Mount Carmel, Tennessee has elected to redeem and will redeem on May 1, 1996, \$1,120,000 Sewer Revenue and Tax Bonds, Series 1988 (the "Bonds"), dated May 1, 1988, due May 1, 1997 through 2008, inclusive, being all of said Bonds being unmatured and outstanding on such date. This notice is given in accordance with the provisions of that certain resolution adopted by the Board of Mayor and Aldermen (the "Board") of said Municipality on April 22, 1993, authorizing the issuance of said Bonds, that certain resolution of the Board adopted on April 18, 1988, and that certain escrow agreement between the Municipality and First Tennessee Bank National Association, dated \_\_\_\_\_ 1, 1993. The Bonds to be redeemed are identified as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>CUSIP</u>	<u>Rate</u>
1997	\$ 60,000		6.75%
1998	65,000		6.90
1999	70,000		7.00
2000	75,000		7.10
2001	80,000		7.20
2002	85,000		7.30
2003	95,000		7.40
2004	100,000		7.50
2005	110,000		7.60
2006	115,000		7.70
2007	125,000		7.75
2008	140,000		7.75

Payment of the principal amount of said Bonds so called for redemption and accrued interest plus a premium in the amount of two percent (2%) of such principal amount of each Bond so redeemed will be made on and after May 1, 1996, upon surrender of said Bonds at First Tennessee Bank National Association, Memphis, Tennessee, the paying agent bank for said Bonds. On May 1, 1996, the redemption price will become due and payable upon such Bonds and interest thereon shall cease to accrue from said redemption date.

All holders submitting their Bonds must also submit a Form W-9 in order to avoid a 20% withholding under the Interest and Dividend Tax Compliance Act of 1983. Failure to provide a completed Form W-9 will result in a 20% backup withholding to the Bondholders. The Form W-9 may be obtained from the Internal Revenue Service or any local bank or broker.

Dated: \_\_\_\_\_

TOWN OF MOUNT CARMEL, TENNESSEE

FORM OF NOTICE OF INTENTION TO ISSUE REFUNDING BONDS

EXHIBIT "C"

NOTICE OF INTENT TO ISSUE REFUNDING BONDS

NOTICE IS HEREBY GIVEN to the holders of \$1,120,000 Sewer Revenue and Tax Bonds, Series 1988 of the Town of Mount Carmel, Tennessee, dated May 1, 1988, maturing on May 1, in the years 1997 through 2008 (the "Series 1988 Bonds"), inclusive, and to all others concerned that the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee intends to issue its Sewer Revenue and Tax Refunding Bonds, Series 1993 (the "Refunding Bonds") for the purpose of refunding said Series 1988 Bonds.

The principal proceeds of said Refunding Bonds (less expenses) will be deposited in escrow with First Tennessee Bank National Association, Memphis, Tennessee, and invested in direct obligations of the United States of America and applied to the retirement of said Series 1988 Bonds. Said Refunding Bonds will be delivered on or about \_\_\_\_\_, 1993.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

/s/

\_\_\_\_\_  
City Recorder

FORM OF NOTICE OF ISSUANCE OF REFUNDING BONDS

EXHIBIT "D"

NOTICE OF REFUNDING

NOTICE IS HEREBY GIVEN to the holders of \$1,120,000 Sewer Revenue and Tax Bonds, Series 1988 of the Town of Mount Carmel, Tennessee, dated May 1, 1988 maturing on May 1, of the years 1997 through 2008 (the "Series 1988 Bonds"), inclusive, and to all others concerned that the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee has issued its Sewer Revenue and Tax Refunding Bonds, Series 1988 (the "Refunding Bonds") for the purpose of refunding said Series 1988 Bonds.

The principal proceeds of said Refunding Bonds (less expenses) have been deposited in escrow with First Tennessee Bank National Association, Memphis, Tennessee, and invested in direct obligations of the United States of America and of its agencies and authorities and applied to the retirement of said Series 1988 Bonds. Said Refunding Bonds were delivered on \_\_\_\_\_, 1993.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

/s/

\_\_\_\_\_  
City Recorder

BOND PURCHASE AGREEMENT

EXHIBIT "E"

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TOWN OF MOUNT CARMEL, TENNESSEE  
AND  
CUMBERLAND SECURITIES COMPANY, INC.

BOND PURCHASE AGREEMENT

Dated April 22, 1993

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## BOND PURCHASE AGREEMENT

Town of Mount Carmel, Tennessee

\$ \_\_\_\_\_  
Sewer Revenue and Tax Refunding Bonds,  
Series 1993

THIS BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), dated April 22, 1993, by and between the TOWN OF MOUNT CARMEL, TENNESSEE (the "Municipality"), and CUMBERLAND SECURITIES COMPANY, INC., as underwriter (the "Underwriter"), a Tennessee corporation and licensed municipal securities dealer.

### Section 1. Background.

1.1 The Municipality will issue its \$ \_\_\_\_\_ Sewer Revenue and Tax Refunding Bonds, Series 1993 (the "Refunding Bonds"), dated April 15, 1993, for the purpose of providing funds (i) to pay the interest on, those certain Sewer Revenue and Tax Bonds, Series 1988 (the "Series 1988 Bonds"), dated May 1, 1988 maturing on and after May 1, 1997, (ii) to redeem on May 1, 1996 the outstanding principal, together with the applicable redemption premium, of the Series 1988 Bonds maturing on or after May 1, 1997, and (iii) and to pay costs incident to the issuance and sale of the Refunding Bonds. The Bonds are issued pursuant to that certain resolution, adopted by the Board of Mayor and Aldermen of the Municipality on April 22, 1993 (the "Resolution"), and will be sold to the Underwriter on an all or none basis.

In accordance with the Resolution, the proceeds of the Refunding Bonds, excluding amounts to pay issuance expenses, will be paid in trust to First Tennessee Bank National Association, Memphis, Tennessee (the "Escrow Agent"), to be deposited to a fund for the purposes set forth above (the "Escrow Fund"), to be held and administered pursuant to the terms of the escrow agreement (the "Escrow Agreement"), to be used by the Escrow Agent to purchase direct obligations of the United States of America (the "Investment Securities"). The maturing principal and interest payments from the Investment Securities will be sufficient to provide for payment until maturity or redemption, as applicable, of the principal of and premium and interest on the Series 1988 Bonds. Neither the principal of nor the interest on the Investment Securities will be available for payment of the Refunding Bonds.

1.2 The Refunding Bonds shall be in substantially the form set forth in the Resolution; shall be issuable as fully registered bonds, in the denomination of \$5,000, or any integral multiple thereof; shall be dated April 15, 1993, shall bear interest from such date payable semi-annually on May 1 and November 1 of each year, with the first interest payment to be made on November 1, 1993; shall bear interest at the rates and mature in the principal amounts and on the dates set forth below:

<u>May 1</u>	<u>Refunding Bonds Principal Amount</u>	<u>Interest Rate</u>
1994		
1995		
1996		
1997		
1998		
1999		
2000		
2001		
2002		
2003		
2004		
2005		
2006		
2007		
2008		

1.3 Refunding Bonds maturing on May 1, \_\_\_\_\_, through May 1, \_\_\_\_\_, are not subject to redemption prior to maturity. Refunding Bonds maturing on and after May 1, \_\_\_\_\_, are subject to redemption at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000, on May 1, \_\_\_\_\_, and at any time thereafter, (less than all Refunding Bonds of a single maturity to be selected by lot by the Registration Agent) at the redemption prices, expressed as a percentage of principal amount, together with accrued interest to the date fixed for redemption as follows:

<u>Redemption Dates (inclusive)</u>	<u>Redemption Price</u>
May 1, _____ through April 30, _____	%
May 1, _____ through April 30, _____	%
May 1, _____ and thereafter	%

1.4 The Refunding Bonds are payable as to both principal and interest primarily from and are secured by a pledge of the Net Revenues to be derived from the operation of the System, and are equally and ratably secured, subject to a prior pledge of such Net Revenues to Prior Outstanding Obligations, by a pledge of such Net Revenues. In the event of a deficiency in such Net Revenues, the Bonds shall be payable from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the Municipality, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality is hereby irrevocably pledged.

1.5 The Municipality acknowledges that the Underwriter will make a public offering of the Refunding Bonds in reliance upon the representations and covenants set forth in this Bond Purchase Agreement.

The Preliminary Official Statement of the Municipality (the "Preliminary Official Statement") has been delivered and a final Official Statement (the "Final Official Statement") will be delivered by the Municipality to the Underwriter pursuant to the provisions of this Bond Purchase Agreement. The Preliminary Official Statement and the Final Official Statement, in each case are collectively referred to herein as the "Official Statement."

The Municipality hereby authorizes the lawful use of the Official Statement, including all amendments and supplements thereto, by the Underwriter in connection with the public offering and sale of the Refunding Bonds and consents to the lawful use by the Underwriter of the Preliminary Official Statement in connection with the public offering and sale of the Refunding Bonds.

Section 2. Representations and Warranties of the Municipality.

The Municipality represents and warrants to the Underwriter (which representations and warranties will survive the purchase and delivery of the Refunding Bonds) that:

2.1 The Municipality is a municipality duly organized and validly existing under the laws of the State of Tennessee, and is authorized and empowered by the provisions of Title 9, Chapter 21, Tennessee Code Annotated, as the same may be from time to time supplemented and amended (the "Act"), and its Charter to enter into the transactions contemplated by this Bond Purchase Agreement and to carry out its obligations hereunder.

2.2 The Municipality has complied with the provisions of the Act and its Charter and has full power and authority to issue and sell the Refunding Bonds as provided herein and in the Resolution and has full power and authority to enter into and has duly authorized the execution and delivery of the Resolution and this Bond Purchase Agreement.

2.3 The Resolution duly adopted by the Municipality and still in force and effect authorizes (i) the execution, delivery, and due performance of this Bond Purchase Agreement and the Refunding Bonds, and (ii) the taking of any and all action as may be required on the part of the Municipality to carry out, give effect to and consummate the transactions contemplated by this Bond Purchase Agreement.

2.4 This Bond Purchase Agreement upon its effective date, will, assuming due execution by the other parties hereto, constitute a legal, valid, and binding obligation of the Municipality in accordance with its terms.

2.5 Assuming due authentication by First Tennessee Bank National Association, Memphis, Tennessee (the "Registration Agent"), the Refunding Bonds, when issued, delivered, and paid for

as provided in this Bond Purchase Agreement are the valid and binding obligations of the Municipality enforceable in accordance with and entitled to the benefits and security of the Resolution and the other security therefor.

2.6 There is no action, suit, proceeding, or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Municipality, threatened against or affecting the Municipality (or, to the knowledge of the Municipality, any basis therefor) wherein an unfavorable decision, ruling, or finding would adversely affect (i) the transactions contemplated by this Bond Purchase Agreement or the validity of the Refunding Bonds, the Resolution, the Escrow Agreement, this Bond Purchase Agreement, or any agreement or instrument to which the Municipality is a party and which is used or contemplated for use in the completion of the transactions contemplated hereby, (ii) the Net Revenues of the System (as defined in the Resolution), or (iii) the exclusion of interest on the Refunding Bonds from gross income of the holders thereof for federal income tax purposes.

2.7 The execution and delivery of this Bond Purchase Agreement, the Refunding Bonds, the Resolution, the Escrow Agreement, and the other agreements contemplated hereby and compliance with the provisions thereof will not conflict with or constitute on the part of the Municipality a breach of or a default under any existing agreement, indenture, mortgage, lease, or other instrument to which the Municipality is subject or by which it is or may be bound or, to the best knowledge of the Municipality, any law, regulation, order, or decree applicable to the Municipality, of any court, regulatory body or administrative body having jurisdiction over the Municipality or its Refunding Bonds.

2.8 Any certificate signed by an authorized officer of the Municipality delivered to any other party hereto shall be deemed a representation and warranty by the Municipality to any such party as to the statements made by the Municipality herein.

2.9 No further approval, consent, authorization or order of, or filing, registration or declaration with, or withholding of objection on the part of, any court or regulatory body, federal, state or local, is required in connection with (i) the issuance and delivery of the Refunding Bonds by the Municipality, (ii) the execution or delivery of or compliance by the Municipality with the terms and conditions of this Bond Purchase Agreement, the Escrow Agreement, the Resolution or the Refunding Bonds, or (iii) the consummation by the Municipality of the transactions set forth in the manner and under the terms and conditions as provided herein and therein, except such as may be required under the Blue Sky or other securities laws or regulations of any jurisdiction in connection with the offer and sale of the Refunding Bonds by the Underwriter.

2.10 (a) Within seven days of the date hereof and in sufficient time to accompany any confirmation that requests payment for Bonds from any customer of the Underwriter, the Municipality will furnish or cause to be furnished to the Underwriter, copies of the Final Official Statement in such quantity as shall be requested by the Underwriter as sufficient to comply with the Underwriter's obligations under Rule 15c2-12(b)(4) of the regulations promulgated by the Securities and Exchange Commission (the "Commission") and the rules of the Municipal Securities Rulemaking Board.

(b) Before amending or supplementing the Official Statement, the Municipality will furnish to the Underwriter a copy of each such proposed amendment or supplement and will receive the consent of the Underwriter, if requested, thereto. No amendment or supplement to the Official Statement will contain material information substantially different from that contained in the Official Statement on the date it was issued which is unsatisfactory in form or substance to the Underwriter.

(c) If, during the period during which the Underwriter is required to deliver copies of the Final Official Statement to potential customers under Rule 15c2-12(b)(4) of the regulations promulgated by the Commission, any event or condition occurs which might or could cause the Official Statement, as then supplemented or amended, with respect to the information and descriptions contained or to be contained therein regarding the Municipality or the Resolution, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading, the Municipality shall notify the Underwriter thereof and if, in the opinion of the Underwriter, such event or condition requires the preparation and publication of an amendment or supplement to the Official Statement, the Municipality will cooperate in the preparation of either amendments to the Official Statement or supplemental information so that the statements in the Official Statement as so amended or supplemented will not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Any such amendment or supplement must be with the approval of Bond Counsel.

2.11 The Municipality will apply the proceeds from the sale of the Refunding Bonds as provided in and subject to all the terms of the Resolution and will observe all covenants of Municipality in such documents.

2.12 The Municipality will not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances will adversely affect the exclusion from

gross income of the interest on the Refunding Bonds for federal tax purposes.

Section 3. Representations and Warranties of the Underwriter.

3.1 The Underwriter has received all necessary information with respect to the Municipality necessary in order to purchase and market the Refunding Bonds.

3.2 The Resolution, the Refunding Bonds, the Official Statement, and this Bond Purchase Agreement have been approved by the Underwriter and contain the terms agreed to by the Underwriter.

3.3 The Underwriter has made its own independent investigation and evaluation of the financial position of the Municipality, or has caused such investigation and evaluation of the Municipality to be made by persons it deems competent to do so.

Section 4. Purchase, Sale, and Closing.

4.1 Subject to the terms and conditions herein set forth, the Municipality agrees to sell to the Underwriter and the Underwriter agrees to purchase from the Municipality all of the Refunding Bonds, if any of the Refunding Bonds are so sold and purchased, in the aggregate principal amount of \$ \_\_\_\_\_, at a purchase price of \_\_\_\_\_ Million \_\_\_\_\_ Hundred \_\_\_\_\_ Thousand \_\_\_\_\_ Hundred \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (plus accrued interest as set forth below), which consists of the principal amount of the Refunding Bonds, less an underwriter's discount in the amount of \$ \_\_\_\_\_, plus accrued interest to and through one day prior to the date of closing. The closing for the Refunding Bonds (the "Closing") will be held at the offices of Cumberland Securities Company, Inc., Knoxville, Tennessee, at \_\_\_\_\_ o'clock a.m., local time, May \_\_\_\_\_, 1993 (the "Closing Date"), or at such later date or time or such other location as may be agreed on by an appropriate officer of the Municipality, the Registration Agent, and the Underwriter. Payment for the Refunding Bonds shall be made in a manner satisfactory to the Municipality and the Underwriter in immediately available funds (unless agreed upon otherwise by the Underwriter) against delivery to the Underwriter of the Refunding Bonds purchased thereby. The Refunding Bonds will be delivered at the Closing to the Underwriter (or at such other location as directed by the Underwriter) in such form as the Underwriter shall specify. Payment of costs incident to the issuance and sale of the Refunding Bonds, including the fee of Bond Counsel, shall be payable by the Municipality from proceeds of the Refunding Bonds.

4.2 The Underwriter's obligations to pay for the Refunding Bonds and the obligations of the Municipality to issue the Refunding Bonds are subject to the fulfillment of the following conditions at or before the Closing:

(a) The Municipality's and the Underwriter's representations hereunder and in the Official Statement are true as of the date hereof.

(b) The Resolution shall be in full force and effect as described in the Official Statement and shall not have been amended or modified in any way which would adversely affect the Refunding Bonds or the rights of any of the registered owners thereof, except as may have been agreed to in writing by the Underwriter and there shall have been no material adverse change in the properties, business (financial or otherwise), or results of the operation of the Municipality since the date of the Official Statement.

(c) The Municipality shall not have defaulted in any of its respective covenants hereunder.

(d) The Refunding Bonds, the Escrow Agreement, and the Resolution, shall have been duly authorized, executed, and delivered in the form heretofore approved by the Underwriter with only such changes therein as the Underwriter and the other parties thereto shall mutually agree upon.

(e) The Underwriter shall have received or approved:

(i) an opinion of Bond Counsel, dated as of the Closing, addressed to, among others, the Underwriter, in form and substance satisfactory to the Underwriter;

(ii) an opinion of counsel to the Municipality, dated as of the Closing, addressed to, among others, the Underwriter, in form and substance satisfactory to the Underwriter; and,

(iii) a true or specimen copy of the non-arbitrage certificate signed by the Mayor of the Municipality, the Resolution, and the Refunding Bonds.

(e) As of the date hereof there shall not be any litigation or proceeding pending or threatened challenging the validity of this Bond Purchase Agreement, the Resolution, the Escrow Agreement, the Refunding Bonds, or any other attendant documents, impairing the ability of the Municipality to pay the Refunding Bonds or adversely effects the Net Revenues of the System, or seeking to enjoin any of the transactions referred to therein, and the Underwriter shall have received a certificate or certificates to this effect.

(f) Between the date hereof and the Closing, legislation shall not have been enacted by the Congress or be actively considered for enactment by the Congress or be actively considered for enactment by either House of Congress, or

recommended to the Congress for passage by the President of the United States, or introduced and favorably reported for passage to either House of the Congress by any Committee of such House to whom such legislation has been referred for consideration, nor a decision rendered by a court of the Tax Court of the United States, nor any order, ruling, regulation or official statement made by the United States Treasury Department of the Internal Revenue Service, with the purpose or effect of imposing Federal income taxation upon revenues or other income of the character derived by the Municipality under the Resolution or upon the interest to be paid on the Refunding Bonds or on bonds of the general character of the Refunding Bonds.

(g) Between the date hereof and the Closing, legislation shall not have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States, or be introduced or favorably reported for passage to either House of the Congress and neither a decision, order or decree of a court of competent jurisdiction, nor an order, ruling, regulation or official statement of or on behalf of, or "no action" letter written by the staff of, the Commission shall have been rendered or made, with the purpose of effect that the issuance, offering, or sale of the Refunding Bonds or obligations of the general character of the Refunding Bonds as contemplated hereby, is or would be in violation of any provision of the Securities Act or the Trust Indenture Act or with the purpose of effect of otherwise prohibiting the issuance, offering or sale of the Refunding Bonds as contemplated hereby or by the Official Statement or of obligations of the general character of the Refunding Bonds.

(h) None of the following shall have occurred: (i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in the Refunding Bonds or similar obligations by any governmental authority or by any national securities exchange or such trading shall have been suspended; (ii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Refunding Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, broker or dealers; (iii) a general banking moratorium shall have been declared by Federal, New York or Tennessee authorities; or (iv) a war involving the United States of America shall have been declared or be continuing, or any other national or international calamity or crisis shall have occurred or be continuing, the effect of which, in the judgment of the Underwriter, would make it impracticable to deliver the Refunding Bonds.

(i) No event shall have occurred or fact exist that, in the judgment of the Underwriter, makes untrue, incorrect or inaccurate, in any material respect as of the time the same purports to speak, any statement or information contained in the Official Statement, or which is not reflected in the Official Statement but should be reflected therein as of the time and for the purpose for which the Official Statement is to be used in order to make the statements and information contained therein not misleading in any material respect as of such time.

(j) The Underwriter shall have received such additional certificates and other documents as it may reasonably request to evidence performance of or compliance with the provisions of this Bond Purchase Agreement and the transactions contemplated hereby, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

If any of the conditions specified in the preceding provisions of this Section 4 shall have not been fulfilled when and as required by this Bond Purchase Agreement, this Bond Purchase Agreement and the Underwriter's obligations hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing. Any such termination shall be without liability on the Underwriter's part.

#### Section 5. Miscellaneous.

5.1 No omission or delay by the Underwriter or the Municipality in exercising any right or power under this Bond Purchase Agreement will impair such right or power or be construed to be a waiver of any default or an acquiescence therein, any single or partial exercise of any such right or power will not preclude any other or further exercise thereof or the exercise of any other right, and no waiver will be valid unless in writing and signed by the Underwriter or, if a waiver of default is properly waivable by the Municipality, then signed by the Municipality and the Underwriter and then only to the extent specified. All remedies herein and by law afforded will be cumulative and will be available to the Underwriter and the Municipality until the Refunding Bonds are paid.

5.2 This Bond Purchase Agreement and the rights and obligations of the parties hereunder shall not be assigned nor shall this Bond Purchase Agreement be amended without the written consent of the Underwriter and the Municipality.

5.3 A written notice required or permitted by this Bond Purchase Agreement may be delivered by depositing it in the United States mail, postage prepaid, or by telegraph, charges prepaid, as follows: if to the Municipality, 100 East Main Street, P.O. Box 1421, Mount Carmel, Tennessee 37645, Attention: City Recorder, and

if to the Underwriter, Cumberland Securities, Company, Inc., 530 South Gay Street, Suite 800, Knoxville, Tennessee 37902.

5.4 This Bond Purchase Agreement has been executed and delivered in the State of Tennessee and it is the intention of the parties hereto that such document shall be governed by and construed in accordance with the laws of such State.

5.5 All representations, warranties, and agreements of the Municipality shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, and shall survive delivery of the Refunding Bonds to the Underwriter.

5.6 This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

5.7 The officers of the Municipality shall not be personally liable for any amounts, costs, losses, damages, or liabilities caused or incurred by the Municipality, the Underwriter, or the owners of the Refunding Bonds, this Bond Purchase Agreement, the Resolution, or any other document or certification whatsoever, or for the payment of any other sum or the performance of any obligation or covenant under any of the above.

IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement to be executed in their names and on their behalf as follows:

(SEAL)

TOWN OF MOUNT CARMEL, TENNESSEE

By: \_\_\_\_\_  
Mayor

Attest:

By: Nancy Carter  
Recorder

CUMBERLAND SECURITIES COMPANY, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_